

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-07

L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 ACDA-12 IO-13 AID-05 EB-08 TRSE-00 STR-05

OMB-01 CEA-01 COME-00 LAB-04 SIL-01 A-01 ABF-01

/111 W

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R 291417Z DEC 77

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 0016

INFO AMEMBASSY ATHENS

AMEMBASSY BRUSSELS

AMEMBASSY NICOSIA

AMEMBASSY PARIS

USCINCEUR

USDOCOSOUTH NAPLES

USDOCOLANDSOUTHEAST IZMIR

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

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USEEC

USOECD

E.O. 11652: N/A

TAGS: PINT, ELAB, TU

SUBJ: STRAINS IN INDUSTRIAL RELATIONS: ANOTHER PROBLEM FOR THE NEXT
GOVERNMENT

1. SUMMARY: ONE OF THE MAJOR PROBLEMS FOR ANY SUCCESSOR
TO THE DEMIREL GOVERNMENT IS THAT THE HIGH COST OF LIVING IN
TURKEY IS GENERATING INCREASING DEMANDS FOR COMPENSATION,
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SO THAT INDUSTRIAL RELATIONS HAVE ENTERED A PERIOD OF GREAT
STRAIN. IN THE ABSENCE OF WAGE RESTRAINTS, THE INFLATIONARY SPIRAL
IS EXPECTED TO CONTINUE AND INDUSTRIAL DISPUTES TO INCREASE IN
SCOPE AND INTENSITY. END SUMMARY

2. THE STEEP INCREASES IN THE COST OF LIVING OVER THE PAST SIX
MONTHS HAVE GENERATED DEMANDS FOR COMPENSATION WITHIN

INDUSTRY AT RATES EVEN HIGHER THAN THE ESTIMATED PACE OF INFLATION. THE TURKISH CONFEDERATION OF EMPLOYER ASSOCIATIONS (KNOWN BY ITS TURKISH INITIALS AS "TISK") STATES THAT COLLECTIVE BARGAINING CONTRACTS IN RECENT MONTHS HAVE PROVIDED FROM 50 TO 70 PERCENT INCREASES IN GROSS LABOR COSTS (110 TO 120 PERCENT OVER THE TWO YEAR SPREAD NORMALLY NEGOTIATED), WELL AHEAD OF THE 40 PERCENT PER ANNUM AT WHICH TISK ESTIMATES INFLATION TISK ALSO POINTS OUT:

-- WHEREAS THIS MOVEMENT OF WAGES IS CONFINED FOR THE MOMENT TO PRIVATE SECTOR ENTERPRISES, IT IS ONLY A MATTER OF TIME BEFORE THE PUBLIC SECTOR PLAYS CATCH-UP. THE ANTICIPATED INCREASE IN MINIMUM WAGES (APPROXIMATELY DOUBLE PREVIOUS LEVELS) EXPECTED EARLY IN 1978 WILL ADD ZEST TO THE "CLIMBING OF WAGES" ACROSS THE BOARD AND WILL REQUIRE SUBSTANTIAL ADJUSTMENTS FOR CIVIL SERVANTS. -- THERE IS LIKELY TO BE A CONTINUATION OVER THE NEXT TWO YEARS OF THE INFLATIONARY IMPACT FROM THESE MOVEMENTS IN INDUSTRIAL RELATIONS AND FROM BUDGET DEFICITS REQUIRED TO MEET PUBLIC SECTOR AND CIVIL SERVANT COMPENSATION.

--THERE HAS BEEN NO RESPONSE FROM LABOR OR FROM THE DEMIREL GOVERNMENT TO TISK'S PROPOSAL OF A NATIONAL WAGES POLICY TO RESTRAIN THE PACE OF RISING LABOR COSTS. TISK CONTINUES TO ARGUE THAT CONTRACT CONCESSIONS SHOULD BE HELD AT LEAST WITHIN THE RATE OF INFLATION, PREFERABLY TO HALF THAT RATE IN THE INTERESTS OF PROMOTING ECONOMIC STABILITY.

3. THE CLEAR PROSPECT FOR THENEXT GOVERNMENT IS THAT WAGE LIMITED OFFICIAL USE

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DEMANDS WILL CONTINUE TO MOUNT AND STRIKE THREATS WILL INCREASE IN NUMBER. THE DEMIREL GOVERNMENT HAS USED NATIONAL SECURITY AS GOURNDS FOR POSTPONING STRIKE NOTICES IN THE MAJOR OIL COMPANIES (MOBIL, SHELL AND BP) WHERE WAGE DEMANDS AMONT TOOVER 100 PERCENT FOR THE FIRST YEAR AND ANOTHER 100 PERCENT FOR THE SECOND. THE NATION'S ENTIRE PAPER INDUSTRY (SIX PUBLIC SECTOR PLANTS EMPLOYING 12,500 WORKERS) SIMILARLY IS OPERATING UNDER SUS-PENDED STRIKE AND LOCKOUT NOTICES FOR 30 AND/OR 60 DAYS.

4. THE MOST DIFFICULT CURRENT CASE IS THE CONTRACT DISPUTE BETWEEN THE TISK AFFILIATE MESS (METAL INDUSTRIES EMPLOYER ASSOCIATION) AND MADEN-IS (METAL WORKERS' TRADE UNION) AND AFFILIATE OF DISK, THE CONFEDERATION OF THE TURKISH REVOLUTIONARY/ REFORMIST TRADE UNIONS.

A. STRIKES WERE CALLED IN A FEW PLANTS IN NOVEMBER, 1976, BUT MADEN-IS EXPANDED THE STRIKE ACTION IN MAY 1977 TO COVER 32 FACTORIES EMPLOYING ABOUT 11,000 WORKERS. MESS DECLARED A LOCKOUT IN OCTOBER 1977 ADDING A FURTHER 12 FACTORIES AND 4,500 WORKERS TO THE WORK STOPPAGE.

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B. THE DISPUTE HAS BEEN COMPLICATED BY MADEN-IS AND DISK
CALLING FOR "CLASS STRUGGLE" AGAINST CAPITALISM AND IMPERIALISM
(SOME OF THE FIRMS HAVE FOREIGN PARTICIPATION) SO THAT IDEOLOGICAL
ARGUMENTS HAVE IMPEDED NEGOTIATIONS.

C. WHEN IT BECAME APPARENT RECENTLY THAT MADEN-IS WAS
NEARING BACKRUPTCY, MESS RENEWED ITS EFFORTS TO OBTAIN A SETTLE-
MENT AND OFFERED CONTRACT CONCESSIONS WHICH WOULD RAISE
COMPENSATION (COMPUTED ON A MONTHLY BASIS) FROM THE RANGE
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OF TL 3,500/4,000 TO 7,000/9,000 OVER THE TWO-YEAR PERIOD.
NEGOTIATIONS BROKE DOWN PARTLY OVER MAINOR ADJUSTMENTS IN

SEVERANCE PAY, BUT MOSTLY BECAUSE THE UNION DEMANDED STRIKE PAY FOR THE FULL PERIOD OF THE STRIKES/LOCKOUTS AT THE NEWLY NEGOTIATED RATES. NOW MADEN-IS IS THREATENING TO EXPAND THE STRIKE TO 20 ADDITIONAL PLANTS AND TO START PROTEST MARCHES AGAINST MESS.

5. A FURTHER FACTOR COMPLICATING A NEW GOVERNMENT'S INDUSTRIAL RELATIONS POLICY ARISES FROM THE TURKISH SYSTEM OF SEVERANCE PAY WHICH IS OPEN TO ABUSE IN PRESENT CIRCUMSTANCES. WHEN PRODUCTION STOPS AND WORKERS ARE IDLE FOR WHATEVER REASON, THE EMPLOYER IS REQUIRED BY LAW EITHER TO CONTINUE TO PAY FULL WAGES OR TO DISMISS WORKERS WITH FULL SEVERANCE PAY. THE LEVEL OF SEVERANCE PAY IS SUBJECT TO CONTRACT NEGOTIATION, AND IN GENERAL CURRENT PRACTICE PROVIDES UP TO 45 DAYS' PAY (AT THE WORKERS' FIANAL RATES) FOR EACH YEAR A WORKER HAS WORKED FOR HIS EMPLOYER. THE RESULT IS THAT, TO LAY OFF HIS WORKFORCE, AN EMPLOYER IS CONFRONTED WITH A STAGGERING BILL FOR SEVERANCE PAY, AMOUNTING IN SOME REPORTED INSTANCES TO BANKRUPTCY. CONSEQUENTLY, AN EMPLOYER COULD WELL MANEUVER TO PROMOTE A STRIKE OR FIND A DISPUTED ISSUE UPON WHICH HE COULD LEGALLY DECLARE A LOCKOUT SO THAT HE COULD AVOID PAYING HIS WORKERS SEVERANCE PAY. THE POSSIBILITY OF SUCH TACTICS HAS ALREADY PROVOKED TURK-IS, THE CONFEDERATION OF TURKISH TRADE UNIONS, TO ADVOCATE NEW LEGISLATION ABOLISHING THE EMPLOYERS' RIGHT TO LOCKOUT.

6. IF REPUBLICAN PEOPLE'S PARTY CHAIRMAN ECEVIT SUCCEEDS DEMIREL AS PRIMIN IN THE NEXT FEW WEEKS, THE WAGE DEMANDS VS. INFLATION PROBLEM IS LIKELY TO BE FORCED UPON HIM FAIRLY SOON. HIS POLITICAL TIES TO THE LABOR MOVEMENT, AS WELL AS HIS PERSONAL INCLINATIONS, SUGGEST THAT HE WOULD PREFER TO LIMITED OFFICIAL USE

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AVOID OR POSTPONE A POLICY OF RESTRAINING WAGE INCREASES. HIS PUBLIC STATEMENTS ON THE INFLATION ISSUE SHOW A VAGUE PREFERENCE FOR SEEKING A SOLUTION THROUGH TAX CHANGES. HOWEVER, ONCE IN OFFICE HE WILL BE UNDER A VARIETY OF PRESSURES WHICH COULD CONCEIVABLY INFLUENCE HIM TOWARD SEEKING RESTRAINT IN WAGE INCREASES. SPIERS

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